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U. S. Department of Agriculture

THE AGRICULTURAL SITUATION REVIEW

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OPENING ANNOUNCEMENT: Once again we open another month of our agricultural broadcasting in cooperation with the United States Department of Agriculture with the review of developments in the farming industries during the past month. From the report of the Bureau of Agricultural Economics on "The Agricultural Situation," more familiarly known as the "Blue Sheet" we select for you the following significant facts:

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The annual melee in which the farmer contests with NATURE, on the one hand, and, on the other, with those twin arbiters of business success or failure. SUPPLY and DEMAND, is warming up well as we enter the month of June.

Apparently Nature is giving us an even break. Supply and Demand are not disposed so kindly to the farmer at this particular time. The blue sheet sums it all up in the headline "Favorable Season -- Unfavorable Markets".

"The new growing season is opening up fairly well," we are told. "Field work is well advanced and the main crops show a reasonably promising start. Some effects of the hard winter are still evident in spotted wheat fields and reduced crops of peaches and some other fruits. However, cotton, corn, potatoes, and other principal crops have been planted under generally favorable conditions and the grass crop has made rapid growth following the late May rains.

The mid-season crops are coming along now with prospects of abundant supplies of potatoes, cantaloupes, watermelons, and tomatoes, but with probable limited shipments of peaches, onions, and cabbage.

Winter wheat is headed and in the South is beginning to ripen. The straw is short and the stands thin in portions of the Ohio Valley, Texas, Oklahoma, and northern Kansas. More fields were abandoned this spring than last, though not more than in the average season. The early estimates have indicated a crop of hard winter wheat around 5 per cent less than last year and of soft red winter some 13 per cent less.

Spring wheat has grown rather slowly, due to cool weather, but it looks promising, on the whole. The crop has made a favorable start in Canada also, though lack of subsoil moisture in Saskatchewan and Alberta will make the crop somewhat dependent on summer rains."

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So much for general growing conditions; not exceptionally good; but not bad.

Now we look at the markets. Says the blue sheet: "The continued weak market for wheat, as harvest time approaches, naturally is depressing to the West. Growers are hopeful but not cheerful. The hopes are largely grounded in the possibility that small supplies in Argentina and shrinking stocks in Europe and the Orient may lead to increased exports from this country during the summer.

"The low price of wheat reflects a world-wide condition of declining commodity prices, business recession, unemployment, and reduced purchasing power, all of which has operated to the disadvantage of many producers of commodities entering into international trade, including American wheat, cotton, and pork.

"Moreover, we seem to have a problem of curtailed consumption within this country and it is apparently being felt in the markets for cattle, butter, eggs, lambs, wool, and certain vegetables. Farmers generally appear to feel that the 1930 market situation so far leaves a good deal of room for improvement."

Since the wheat markets affect more of our producers than most other markets, let's get a little bit deeper into the question of what world-wide supply and demand conditions may do to the course of wheat prices in the near future.

Whenever we start talking about wheat we have to remember that it is produced all over the world. So we look first at prospects for the 1930 world wheat crop and find that it is quite uncertain. Seventeen wheat countries reporting so far acknowledge, altogether, two per cent less acreage than that harvested in 1929. Most of the reduction has come in the United States because of the greater abandonment of winter wheat than last year. The reports of condition of crops up to now don't enable the economists to make a satisfactory estimate of the total 1930 world wheat crop. They do know, however, that stocks of old wheat the world over on July 1 probably will be a little smaller than a year ago. However, stocks of old wheat in the United States probably will be as large as or larger than a year ago, and there you see the effect of that world-wide decline in purchasing power just referred to. The European countries have not been buying as much of our wheat as we expected them to. The bright spot in the situation is that the carry-over of wheat in foreign countries, especially in Argentina, is likely to be smaller than on July 1, 1929. With small stocks in Argentina, conditions will probably result in exports of United States wheat early in the season being larger than last year.

The harvest season is at hand for many fruit and vegetable producers of the farm which contribute health-giving variety and toothsome ness to the American diet. What is the prospect of production of these delicacies and of market prices for them? It is neatly summed up as follows in the Blue Sheet:

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"Very low temperatures during the winter and severe frosts in the spring caused much damage to tree fruits. Apples, peaches, and some other fruits will not be in such heavy supply as originally indicated. Condition of the southern peach crop was low. On the other hand, there are prospects of liberal market supplies of cantaloupes and watermelons, with increased acreages of these products which compete somewhat with soft fruits. Crop reports indicate an abundance of tomatoes during June, but shipments of onions and cabbage may be rather limited. Potatoes promise to be abundant, particularly from the Carolinas, Virginia, and the Middle West. Lower prices usually are the rule for potatoes during the peak of the eastern movement. The season for old potatoes was closing with a record of heavy shipments and with fairly satisfactory returns."

Turning now to the animal industries, we find in the monthly report of the Bureau of Agricultural Economics surveys of conditions in the cattle industry, the hog industry, the egg and poultry industries and the dairy industry. Taking them in order we may sum up somewhat like this the general situations-- western cattle men report that their animals came through the past winter and spring in very good shape, and losses were probably somewhat below average. The cattle feeders in the great Corn Belt section have faced a puzzling market situation with declines in prices during April and May when last year there was an advance at that season. Unusually large shipments of stockers and feeders went into the country in the first three months of the year with the result that the number of cattle in these states that can be grain finished during the last half of the year is considerably larger now than in 1929. The feeders apparently are marking time, however, to look at the trend of cattle and feed prices during the next two months and the prospects for corn production in 1930. These things will determine whether or not they will grain finish large supplies of cattle for the fall and winter markets.

The hog markets have held rather steady for two months. The strengthening influence in the market has been the clearing out of heavy storage stocks carried over from last year. With smaller storage supplies and a probable reduction in the number of hogs to be slaughtered this fall we would have from 15 to 18 per cent less hog products available for market this summer than last summer. This ought to bring prices above last summer, if demand conditions should be as good as then. But it is apparent that consumer demand this spring has been much weaker than a year ago.

Here is the way the Blue Sheet sums up the hog situation:

"The way in which hog prices have held up in recent weeks in the face of increasing market supplies indicates that there is now a strong undertone to the market and that demand has probably shown some improvement over two months ago. Killers apparently are willing to buy hogs freely on all price dips. Although slight price recessions probably will occur on days of large receipts during the next three or four weeks, no material declines are expected. Beginning sometime in June the summer rise is likely to get under way. The extent of this rise will be influenced by any material changes in the industrial situation. If industrial conditions improve and hog supplies prove to be no greater than now seems likely, the advance probably will carry prices to a higher level than was reached last summer."

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In the egg markets we find heavy receipts, slow demand and huge storage stocks combining to make the market nervous and unsettled. Egg storage stocks on May 1 were the largest in history. Cold storage holdings on June 1 are expected to hit a record for that date also.

In contrast with the egg situation the dressed poultry markets held steady during May in the four principal markets. A substantial increase occurred in the consumption of poultry. Nearly a third more poultry was eaten than during May last year the reports indicate.

Heavy storage stocks of butter and of cheese have brought down prices of these dairy staples. Butter prices are the lowest they have been in May since 1921. Cheese prices the lowest since 1924.

So there you have the high-lights of the story of the past month in the agricultural industries and a summary of the trends that may be followed by some of the commodity markets in the near future.

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CLOSING ANNOUNCEMENT: This monthly review of the agricultural situation, is compiled for us by the United States Department of Agriculture. Our radio review is a summary of the monthly printed report of the Department bearing the title "The Agricultural Situation." If you desire to study this report send your request today to the United States Department of Agriculture for a copy of the June 1 Agricultural Situation. Single copies are sent without charge. The subscription price for the publication is twenty-five cents per year. On Monday, July 7 we shall present the next of this monthly series of reports.

